

EUROPEAN ECONOMIC AREA

JOINT PARLIAMENTARY COMMITTEE

RESOLUTION

Adopted pursuant to Rules 11 and 13 of the Rules of Procedure

on 25 May 2022

on

The Annual Report of the EEA Joint Committee on the Functioning of the EEA Agreement in 2021

Co-rapporteurs:

- *Mr Christophe Grudler, on behalf of Andreas Schwab, Member of the European Parliament, President of the EEA JPC*
- *Ms Ingibjörg Ólöf Isaksen, Member of the Icelandic Parliament, Vice-president of the EEA JPC*

The Joint Parliamentary Committee of the European Economic Area (EEA JPC):

- Having regard to the EEA Agreement, and in particular Article 94(4) and Article 95(4) thereof,
- Having regard to the Annual Report of the EEA Joint Committee on the Functioning of the Agreement on the EEA in 2021,
- Having regard to Rules 11 and 13 of its Rules of Procedure,
- Having regard to its previous annual Resolutions on the Functioning of the EEA Agreement between 1994 and 2020¹,

While:

- A. Emphasising the importance of parliamentary oversight for the good implementation and functioning of the EEA Agreement,
- B. Mindful of its mission to contribute to a better understanding between the European Union and the EEA EFTA States in the fields covered by the EEA Agreement, as laid out by Article 95(3) of the EEA Agreement,
- C. Acting in accordance with its mandate to examine the Annual Report of the EEA Joint Committee, as laid out by Article 95(4) of the EEA Agreement,
- D. Stressing that the EEA EFTA States are fully participating in the Internal Market,
- E. Aware of the importance of maintaining homogeneity within the EEA:

1. Welcomes the publication of the 2021 Annual Report and agrees with the EEA Joint Committee (EEA JC) on the main issues of concern.
2. Welcomes the continued cooperation between the EU and the EEA EFTA States to tackle the COVID-19 pandemic and to ensure the homogeneity and well-functioning of the EEA-agreement, in view of ensuring the swift recovery of the European economies;
3. Note with concerns the outbreak of a war at the EU/EEA borders and firmly condemns the Russian Federation's unprovoked and illegal military aggression of Ukraine;

¹ Respectively dedicated to the Functioning of the EEA Agreement in 1994 (adopted on 29 May 1995), in 1995 (adopted on 3 June 1996), in 1996 (adopted on 14 April 1997), in 1997 (adopted on 25 May 1998), in 1998 (adopted on 19 April 1999), in 1999 (adopted on 16 March 2000), in 2000 (adopted on 24 May 2001), in 2001 (adopted on 20 June 2002), in 2002 (adopted on 20 May 2003), in 2003 (adopted on 27 April 2004), in 2004 (adopted on 25 April 2005), in 2005 (adopted on 22 May 2006), in 2006 (adopted on 27 June 2007), in 2007 (adopted on 29 April 2008), in 2008 (adopted on 25 March 2009), in 2009 (adopted on 29 March 2010), in 2010 (adopted on 12 April 2011), in 2011 (adopted on 4 May 2012), in 2012 (adopted on 30 May 2013), in 2013 (adopted on 17 December 2014); in 2014 (adopted on 19 November 2015); in 2015 (adopted on 14 December 2016); in 2016 (adopted on 23 May 2017); in 2017 (adopted on 7 May 2018); in 2018 (adopted on 13 March 2019); in 2019 (adopted on 16 November 2020), in 2020 (adopted on 28 April 2021)

4. Welcomes the firm and united reaction of the EU and EEA EFTA States in condemning in the strongest possible terms this aggression, in adopting wide-ranging sanctions against Russia, in receiving displaced Ukrainian people, and in contributing to humanitarian aid;

Incorporation of legal acts into the EEA Agreement

5. Notes that 662 legal acts were incorporated into the EEA Agreement in 2021, compared to 370 in 2020, an increase of 79% compared to 2020;
6. Regrets the fact that the number of legal acts awaiting incorporation where the compliance date in the EU had passed (“backlog”) increased by 2% in 2021 compared to 2020²; reiterates the common interest of both the EU and the EEA EFTA States in the timely incorporation of these legislative acts and therefore urges them to pursue their efforts towards reduction of the backlog; stresses that the incorporation of legislative acts requires administrative capacity both on the EU and the EEA EFTA States’ side and calls on the parties to ensure an adequate allocation of staff to this task;
7. Welcomes the swift incorporation of a number of COVID-19-related acts throughout 2021 such as the temporary extension of exceptional measures with regard to selection of ground handling service provider and operating licences, measures prolonging State Aid’s period of application, measures in the field of transport and in the field of veterinary and phytosanitary matters, the introduction of the EU Digital COVID Certificate and establishing the equivalence of COVID certificates issued by certain non-EEA countries;
8. Welcomes the incorporation of important legal acts in 2021. Thus, in the field of free movement of capital and financial services, 172 legal acts were incorporated, including amendments to the European Market Infrastructure Regulation (EMIR Refit), European Venture Capital funds (EuVECA), European Social Entrepreneurship Funds (EuSEF), Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFMs) as well as second capital requirements regulation (CRR II) have been incorporated. As regards environment, 39 legal acts were integrated in the EEA agreement, among them measures on mercury, on emissions from medium combustion plants, on CO₂ emissions and the waste directive. 79 legal acts have been incorporated in the area of transport, including long outstanding acts such as the recast of the railway package and the fourth railway package have been incorporated in 2021. As regards veterinary issues, food and phytosanitary matters, up to 145 acts were incorporated, comprising measures on animal health and on transparency and sustainability in the food chain. Likewise, 12 EU programme regulations have been incorporated allowing EEA EFTA Members to take part in a number of EU programmes. The act establishing the Body of European Regulators for Electronics Communication (BEREC) and the European Electronic Communications Code as well as the Regulation

² There were 589 outstanding legal acts in 2021. In 2020 there were 577. In comparison, there were 435 at the end of 2019, 612 at the end of 2018, 576 for 2017, 522 for 2016, 435 for 2015, 428 for 2014, 506 for 2013 and 544 for 2012.

establishing the European Defence Fund and the Space Programme Regulation are also some of the acts that the Joint Committee has approved their incorporation in the EEA agreement during 2021.

9. Underlines the urgent need to ensure the swift incorporation of some long outstanding legal acts, such as the Directive on the energy performance of buildings, the Directive on energy efficiency, the Regulation on common rules in the fields of civil aviation and establishing the European Union Aviation Safety Agency (EASA), the ship inspection package, the Audio-visual Service Directive and the Regulation on organic production and labelling of organic products.
10. Regrets the increase of the average transposition deficit of the EEA EFTA States from 0.8% to 0.9%, according to the latest Internal Market Scoreboard published in September 2021. Since the December 2020 Scoreboard, the deficit of Iceland increased from 1.2% to 1.3%, the deficit of Norway from 0.4 to 0.9 % and the deficit of Liechtenstein decreased from 0.7% to 0.4%³.
11. On 31 December 2021, the number of JCDs awaiting the fulfilment of constitutional requirements for more than six months stood at 22, compared to 21 on 31 December 2020. On 31 December 2021, the number of “linked” JCDs, where the entry into force depended on the entry into force of other JCDs that had already been or would be adopted, stood at 43, compared to 26 on 31 December 2020.

EEA EFTA States participation in EU agencies and programmes

12. Welcomes the active participation of the EEA EFTA States in 12 EU programmes and 25 agencies, of which 19 were regulatory agencies and six executive agencies.
13. Recalls that EEA EFTA participation in EU programmes is a key instrument for the EEA EFTA States’ cooperation with EU institutions and Member States. The EEA JPC therefore welcomes that EEA EFTA States are taking an active part also in the EU programmes under the 2021-2027 financial framework and welcomes the incorporation of 12 EU programme regulations allowing EEA EFTA States to take part in Digital Europe, EU4Health, Single Market Programme, Horizon Europe, LIFE programme, Erasmus+, Creative Europe, UCPM, European Space Programme, European Defence Fund, Solidarity Corps and ESF+.

Decision shaping

14. Notes the submission of eight EEA EFTA comments in 2021 compared to two in 2020. Encourages the EEA EFTA States and the EU to continue sharing their views,

³ From 2009, ESA used the interim target of 1% set by the European Council in 2007 as a benchmark and is now looking towards a benchmark of 0.5% in line with the European Commission’s Single Market Act proposed in April 2011.

assessments, and information as early as possible in the decision-shaping process to ensure that each side's interest is duly taken into consideration.

EEA Financial Mechanism

15. Welcomes the progress made in the implementation of the Agreement on the EEA Financial Mechanism for the 2014-2021 period, with a total commitment of EUR 1 548.1 million, and the Agreement on the Norwegian Financial Mechanism for the same period, with a total commitment of EUR 1 253.7 million.
16. Welcomes that as the end of 2021, Memoranda of Understanding on the EEA Grants had been signed with Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia.
17. Underlines EEA EFTA States' positive contribution to the reduction of social and economic disparities in the EEA, for the benefit of all EEA EFTA and EU citizens and takes note of the Joint committee's agreement of 11 June 2021 that there is still a need to alleviate the social and economic disparities in the European Economic Area.
18. Stresses that a well-functioning internal market depends on mutual trust based on independent institutions and the respect for the rule of law.
19. Reiterates its support to the requirement of the EEA EFTA States that an independent mechanism for allocation of grants to civil society organisations is a prerequisite for any memoranda of understanding and programmes with the beneficiary states. Reaffirms that a lack of agreement regarding this could mean that no financial support under the EEA EFTA financial mechanisms is provided. In this regard, regrets that an agreement could not be reached with Hungary on the appointment of a Fund Operator to manage the funding for civil society. As a consequence, takes note that no programmes will be implemented in Hungary under the EEA and Norway Grants for the MFF 2014-2021.
20. Asks EEA EFTA States and the EU to consider reviewing mechanisms of control and audit and possibly further strengthening them in the next financing period in beneficiary countries where the independence of the judiciary is being questioned. Opines that misappropriation or frauds could hardly be independently prosecuted and judged in such beneficiary countries.
21. Calls on the EEA EFTA States and the EU to consider European values, independent institutions, and the rule of law as prerequisite for funding under the EEA EFTA Financial Mechanism 2021-2027.
22. Calls on the EU and EEA EFTA States for swift negotiations to ensure continuity in the implementation of the EEA Financial Mechanism between the 2014-2021 and the 2021-2027 financing periods.

Parliamentary oversight

23. Stresses that despite the COVID-19 pandemic, the EEA JPC was able to carry out its parliamentary oversight, meeting twice in 2021, on 28 April via videoconference, and on 24-25 August, in a hybrid format in Reykjavik for the first time since the start of the pandemic.
24. Welcomes the reference made in the 2021 Annual Report of the EEA JC to the EEA JPC Resolution adopted in April 2021; and invites the EEA JC to continue to detail the activities of the EEA JPC in its future Annual Reports in order to highlight the contributions of the EEA JPC to the well-functioning of the EEA Agreement.
25. Encourages the regular participation of representatives of the EEA Joint Committee and of the EEA Council in the activities of the EEA JPC meetings and underlines in this regard the importance of upholding reciprocal high-level representation at both political and technical level in these meetings.
26. Emphasizes the fact that parliamentary oversight carried out in the EEA JPC provides for democratic scrutiny of the implementation of the EEA agreement and thus for its democratic legitimacy.
27. Stresses the role of the parliaments and parliamentarians in explaining the functioning and the benefits of the EEA Agreement to the citizens; is of the opinion that the importance of communicating on the EEA Agreement should not be underestimated.
28. Takes note of the enormous negative impact of the COVID-19 crisis on the internal market and the four freedoms, particularly freedom of persons, goods, and services; and calls on the EU and the EEA EFTA States to closely cooperate in order to ensure a swift recovery and the good functioning of the EEA agreement.
29. Mindful of the impact of the war in Ukraine and of the sanctions against Russia on the good functioning of the EEA, calls on the EU and the EEA EFTA States to closely cooperate to mitigate adverse effects for EEA citizens and economic operators.
30. Calls on both EU and EEA EFTA parliamentary delegations to ensure the largest possible participation of their respective Members in future EEA JPC meetings with a view to safeguarding a meaningful democratic scrutiny of the EEA Agreement.
31. Instructs its President to forward this Resolution to the EEA Joint Committee and the EEA Council.